

Consolidated Public Health Contracts Audit Guide

*A supplement to the State Single Audit Guidelines and the
Provider Agency Audit Guide for agencies
administering Consolidated Public Health Contracts*



2002 Revision

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Summary of changes in this revision

Section	Description of changes
I. Program Objectives	<ul style="list-style-type: none">• Changed name of Wisconsin Women's Cancer Control Program to Wisconsin Well Woman Program• Added Tobacco Control Program
Throughout	<ul style="list-style-type: none">• Made cosmetic changes to improve consistency in format with other audit guides

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I. PROGRAM OBJECTIVES

The objective of the Consolidated Public Health Contracts for Local Public Health Departments (LPHDs) is to streamline the administration of programs funding local public health departments. The active programs included in the consolidated contract for the calendar year 2002 are:

- Wisconsin Childhood Lead Poisoning Prevention Program
- Immunization Program
- Maternal and Child Health Program including Children with Special Health Care Needs
- Preventative Health & Health Services Block Grant
- Wisconsin Well Woman Program
- Tobacco Control Program

Additional programs may be added to the contract during future years.

II. PROGRAM PROCEDURES

The following paragraphs are intended to provide a high-level, overall description of how Consolidated Public Health Contracts should operate under State laws and regulations. Accordingly, the following paragraphs are not to be used in lieu of or as a substitute for the Federal and State laws and regulations applicable to these programs.

III. COMPLIANCE REQUIREMENTS

A. Reporting

A.1. Financial, Performance, and Special Reporting

Compliance Requirement

LPHD's must have a system in place for tracking the revenues and expenses to determine the fund balance remaining at the end of the fiscal year.

Suggested Audit Procedures

Verify that the LPHD's accounting system has the ability to accumulate the unspent funds of the contract and monitor the balance.

Compliance Requirement

The LPHD's reports to the granting agency must be timely, complete, accurate, and supported by the LPHD's records.

Suggested Audit Procedures

- Review applicable laws, regulations, and the provisions of the contract or grant agreements pertaining to the programs for reporting requirements. Determine the types and frequency of required reports. Obtain and review granting agency's instructions for completing the reports.
- Perform appropriate analytical procedures and determine the reason for any unexpected differences. Examples of analytical procedures include:
 - Comparing current period reports to prior period reports.
 - Comparing anticipated results to the data included in the reports.

The results of the analytical procedures should be considered in determining the nature, timing, and extent of the other audit procedures for reporting.

- Select a sample of performance, program, and special reports and:
 - Trace data to records that accumulate and summarize data
 - When intervening computations or calculations are required between the records and the reports, trace reported data elements to supporting worksheets or other documentation that link reports to the data.
 - Test mathematical accuracy of reports and supporting worksheets.
 - Perform tests of the underlying data to verify that the data were accumulated and summarized in accordance with the required or stated criteria and methodology, including the accuracy and completeness of the reports.
 - Review the supporting records and determine whether all applicable data elements were included in the sampled reports.

B. Allowable Costs

Even though programs are reimbursed on a service provided basis, the allowable cost policies set forth in federal and Departmental guidelines are still needed to monitor compliance with the regulations and the reasonableness of the rates established.

B.1. Cost principles

Compliance Requirement

All costs charged to department programs must meet the criteria for allowability in the *Allowable Cost Policy Manual*; the applicable federal cost principles; and the laws, regulations, and the provisions of contract or grant agreements pertaining to the program. Costs must meet these criteria whether they are charged directly to the program or indirectly through a cost allocation plan.

Suggested Auditing Procedures

Test a sample of transactions charged to the contract, whether direct or indirect, to determine whether the costs are allowable. Specific tests can be found in Section 5.2 of the *Provider Agency Audit Guide* or the General Requirements of the *State Single Audit Guidelines*.

- The costs meet the general criteria for allowability, including:
 - Be authorized by the agency administrator or funding agency and not prohibited by state or local laws.
 - Be consistent with policies, regulations, and procedures that apply uniformly to both financially assisted activities and to other activities of the agency.
 - Not be allocable to or included as a cost of any other federal, state, or other agency financed program in either the current or prior period.
- The costs meet the requirements of the applicable federal cost principles:
 - OMB Circular A-87 for State, local, or Indian tribal governments.
 - OMB Circular A-122 for non-profit organizations.
 - *Contract Cost Principles and Procedures* for for-profit organizations.
- The costs meet the criteria where state policy in the *Allowable Cost Policy Manual* differs from or expands on federal policy, such as “Profit for For-Profit Agencies Which Provide Client Care” and “Reserved Amount for Nonprofit Agencies Using A Prospectively Set Rate.”
- The costs met the contract or other program specific guidance for provisions applicable to the particular grant/program.

B.2. Cost Allocation Plans

Compliance Requirement

If indirect costs are charged to department programs, the LPHD must have a written cost allocation plan that meets the requirements for such a plan in the *Allowable Cost Policy Manual* and respective federal cost principles, and the LPHD must follow this plan.

Suggested Auditing Procedures

If the agency charges indirect costs to department programs, determine whether:

- The plan meets the requirements in *Allowable Cost Policy Manual* and applicable federal cost principles. Characteristics of a plan that meets these requirements include:
 - The plan is in writing.
 - Costs are allocated to all programs or activities of the LPHD.
 - The basis for allocation is current and materially accurate, and it equitably measures the extent to which the cost actually benefits the program.
 - Costs are not allocated on the basis of funds available or revenues received.

- The same costs are not charged both directly and indirectly to programs.
- Total costs charged do not exceed actual costs incurred.

➤ The agency followed the plan when charging indirect costs to department programs.

B.3. Related Party Transactions

Compliance Requirement

Unallowable costs resulting from related party transactions must be reported as a finding.

Detailed requirements for related parties are included in the *Provider Agency Audit Guide* and the *State Single Audit Guidelines*.

Suggested Audit Procedures

Determine whether the related party transactions involved costs that affect department programs. Report findings in accordance with the *Provider Agency Audit Guide* or the *State Single Audit Guidelines*.

C. Level of Effort - Supplement Not Supplant

Compliance Requirement

The LPHD must use program funds to supplement, and not supplant, non-program funding of services. The LPHD must maintain the specified service or expenditure levels.

Suggested Auditing Procedures

- Determine whether the LPHD used program funds to provide services which the LPHD was required to make available under federal, state, or local law and was also made available by funds subject to a supplement not supplant requirement.
- Determine whether the LPHD used program funds to provide services, which were provided with non-program funds in the prior year. The auditor could:
 - Identify the department services.
 - Determine if the program-funded services were previously provided with non-program funds.
 - Determine whether the total level of services applicable to the requirement increased in proportion to the level of program contribution.
- Verify that non-monetary effort indicators were supported by official records.
- Verify that the reserve balance was used appropriately on program goals.

D. Eligibility

Compliance Requirement

The various programs incorporated into the consolidated contract may have specific eligibility requirements.

Suggested Auditing Procedures

Perform reviews of eligibility determinations performed by management. Verify that the LPHD has a system in place for verifying eligibility.

E. Program Quality

Compliance Requirement

The various programs incorporated into the consolidated contract have criteria for verifying program quality. The LPHD must have system of controls and monitoring systems in place to ensure program goals are met.

Suggested Auditing Procedures

Review the LPHD's system for monitoring program quality. Compare quality benchmarks being used to the quality criteria issued in the Contract Addendum.

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Resources:

<i>Allowable Cost Policy Manual</i>	www.dhfs.state.wi.us/grants
<i>Provider Agency Audit Guide</i>	www.dhfs.state.wi.us/grants
<i>State Single Audit Guidelines</i>	www.ssag.state.wi.us